HUMAN RESOURCE MANAGEMENT IN SUGAR INDUSTRY

A Study with special reference to Sugar Mills in Krishna and West Godavari Districts of Andhra Pradesh

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INTRODUCTION

Every organization operates by coordinating and utilising resources both material and non-material. While the plant, equipment and financial assets (generally described as material resource), are considered as vital resources, the one that is most important is the non-material resource, namely the 'human resource' or the employee resources who are nowadays considered as internal customers. Human resource management is concerned with the people's dimension in management. Every organization is made up of people, acquiring their services, developing their skills, motivating them to high levels of performance and ensuring that they continue to maintain their commitment to the organisation, which is essential for achieving organization objectives[1]. At the principle level the objective of each human resource function is same across the organizations. However, the practices and approaches these organizations follow do differ[2].

Modern management in India has become increasingly concerned with the understanding and management of the most important of all factors of production i.e., the human factor. As Douglas Mc Gregor puts it, "the effectiveness of organization could be increased a great deal if they could, somehow, know the art of tapping the unrealized potential present in their human resource"[3]. The most talked about approach in man management in India has been in recent times the human resource management approach. A brief description of human relations in management is called for better appreciation of India's emerging scenario. Like elsewhere, human relations in India's management

[1] Bhasin M.L., "Economic Value Added (EVA), A Case Study of Godrej Group of Industries", Personnel Today, Vol. Xxiii, No.4, Jan- March, 2003, p.11.
[2] Srinivas R.Kandula "HRM in Public Vs Private Sector: How Wide the Gluf is?" Vol. Xxiii, No. 4, March, 2003, p.27.
[3] Douflas Mc Gregor, 'The Human Side of Enterprise' (Indian Reprint), Tata Mc Graw-Hill, New Delhi, 1960, p. 4.

scenario mean a body of systematic knowledge devoted to explaining the behavior of individual in the working organizations[4]. The core of human relation philosophy is the workers response to the clearly demonstrated interest by management in the work that they are doing and their own opinions thereof, and to the informal social structure prevailing at the work place. The human relations school in India in essence refers to an approach to the theory of management of organizations that emphasize the individual workers' need for satisfactory relationship with other members of his work group and his work[5].

Human resource management is not a one-man responsibility nor can it even be achieved by an individual alone. It is a corporate and co-operative integrated endeavor that should stem from a common feeling and concept and should progress in a unified and coordinated manner.

HUMAN RESOURCE MANAGEMENT-AN OBJECTIVE FOCUS

The primary objective of human resource management is to contribute to the profitability and survival of an organization by effective management of its total human resource management[6]. The subsequent objective of human resource management can broadly be divided into societal, organizational, functional and personnel objectives[7]. The social objectives of human resource management is that recognizes the changes in the nature of employment contract, the ideals enshrined in the constitution, objectives established in National Economic Plans, and legislation limiting the employee's prerogatives in personnel policies and decisions. The organizational objective of human resource management

[4] Derek French and Heather Saward,' The Human Relations School' in The Dictionary of Management, Pan Books, London 1977, p. 191.
[5] Derek Torvingtion, 'Human Relations Management', in the Encyclopedia of Personnel Management, Gower Press, New York, 1974, pp. 178-179.
[6] Venkataratanam, C.S., and Srivastava, B.K. "Personnel Management and Human Resource, Tata Mc-Graw Hill Publishing, New Delhi, 2004.
[7] Ibid. p. 9.

includes building up of employee motivations, commitment, role effectiveness emphasizing the philosophy underlying human resource management policies and practices. The functional objective aims at the formulation of human resource management policies, provisions for providing support services such as recruitment, selection, training, and development and incentive systems. It also aims at developing collaborative and problem solving approaches in union-management relations. The personnel objectives of human resource management is to assist employees in developing congruence between individual goal and organizational objectives while striving for realizing higher standards of performance, satisfaction and quality working life. Broadly speaking, for the purpose of the study, the functions of human resource management may be categorized into: a). Recruitment and Selection b). Training and Development c). Wage, Incentives and d). Welfare Facilities.

HUMAN RESOURCE PRACTICES IN SUGAR INDUSTRY

Sugar industry is one of the largest agro- based processing industries in the country and plays a significant role in the socio-economic development of our country. There are 490 sugar mills in our country of which 45 percent are in the private sector.

Andhra Pradesh is one of the leading states producing sugar and a major chunk of the sugar mills in the state are in the private sector. The primary aim of sugar industry is to promote the welfare of the members by uplifting the economically manufacturing poor, development of locality and benefiting the people at large. Indian sugar units in Andhra Pradesh have transformed the socio-economic development of the people.

Sugar industrial units, consequent to globalization, economic reforms and privatization policies, are facing competition and struggling

to sustain in the new environment. Some of the challenges for poor performance are obsolete technology, poor financial performance, discriminatory government policies, high political influence, frequent changes in management, limited modernization and diversification and unprofessional management. Industrial units in the sugar industry also face the same challenges as do other organizations to create organizations to create organizational capacity to achieve desired goals.

An organization performs best when all the HRM practices are managed well. In companies with effective HRM, employees and customers tend to be more satisfied, and the companies tend to be more innovative, have greater productivity and develop a more favorable reputation in the community[8]. However, Indian sugar industrial units are rural based and are generally constrained due to poor professional human resource management. Many organizations lag behind due to insufficient human resource department. Very few have fully fledged human resource/personnel department and many have only labour welfare officers, limiting such sections role to welfare activities and maintain the time office. The cooperative policy resolution of 1997 itself has stated the need for a professional management through a sustained programme focusing on systematic human resource management. Today it is the work force, its knowledge, commitment, skills and training that provides the competitive advantages[9].

Hence it is imperative for sugar manufacturing units to recognize the growing importance of human resource and conceptualize its use in strategic terms to gain competitive advantages. It is essential to maintain a full-fledged human resource department and maintain the

[8]Delaney, J.T. and Huselid, M.A. "Impact of Human Resource Management Practices on Performance", Academy of Management Journal, Vol.No.39, 1996.
[9] Charles, G. "Strategy and Human Resource", Prentice-Hall, Upper Saddle River. 1995.

department's contribution an appropriate level to the organizational needs.

Effective human resource management is essential in sugar industry to find and keep the best possible fit between their social system and technical system. Sugar industrial units need employees with broad skills and strong motivation; it can identify ways for HR professional to support organizational strategies for quality, growth and efficiency. HRM has multiple roles to play and it should be supported by the top management. Management must seek to create conditions such that members of the organization at all levels can best achieve their own goals by directing their efforts towards the goals of the organization.

NEED FOR THE STUDY

The relationship between the sugar industry and production, marketing, finance, technology and the host of other aspects of sugar industry have been discussed at length, on several occasions, by a number of researchers as can be gauged from the review of literature on sugar industry . Yet little attention had been devoted to the internal structure and HRM policies and practices followed by these industries. Such an analysis relating to HRM policies and practices in sugar industry, it is hoped, will help in understanding and analyzing the HRM policies and practices adopted by the sugar industry under private sector. In this context, it is also hoped that there is every need to suggest improvements in the existing organizational HR philosophy, HRM policies and practices in the industry. Such an attempt not only provides an insight and analytical background but also helps the management to evolve the suitable HRM policies in sugar industry particularly under private sector that will contribute for the development of the sugar industry.

There is a need for evolving an effective HRM concept, which is consistent with findings of behavioral science research. Recent studies have been attempting to find out how a human being can be stimulated in a given work situation to utilize his energies for the benefit of the industry in the changing market economy. There is an imperative need for the sugar industry to tap the potentiality of the human resource, which is available in abundance in rural areas along with other physical resource. The sugar industry is yet to develop systematic and objective oriented HRM policies and practices.

Again, the success of an enterprise largely depends on the efficiency skill set and commitment of its work force, which is influenced by the organizational policies and practices. This work force will have to be properly nurtured, motivated, rewarded and counseled to bring out the best in them. Therefore, HRM which is to be more concerned with the human side of an enterprise has a major role to play for the success of any industry. Hence the need for the present study which attempts to analyze the HRM policies and practices in sugar industry with special reference to the select sugar industrial units under private sector in the Krishna and West Godavari districts of Andhra Pradesh.

OBJECTIVES OF THE STUDY

The prime objective of the study is to enquire into the human resource management practices in sugar industry. The peripheral objectives are

a) To explain the profile of sugar industry in India.
b) To present the trends of growth and status of the sugar industry in the state of Andhra Pradesh.
c) To focus on the policy horizons of Indian sugar industry.

d) To evaluate different facets and practices of human resource management, in the select sugar industrial units in the Krishna and west Godavari districts of Andhra Pradesh.
e) To assess the climate of industrial relations and human resource contentment in the sugar industrial units.
f) To articulate a canvas of the human resource perceptions towards various practices of human resource management prevalent in the sugar industrial units.
g) To suggest measures and policy prescription for reorientation human resource practices in the industry for the best and next generation human resource management.

SCOPE OF THE STUDY

Sugar industry in India as one of the very old and traditional industries, includes cooperative, private and public sector. The study is confined to the private sector sugar units that are located in the Krishna and West Godavari districts of Andhra Pradesh. The Krishna and west Godavari districts of the state of Andhra Pradesh are more agrarian in character and have a good number of sugar factories which include mainly the private sector units. In the private sector the main units are the KCP Sugars and Industrial Corporation Ltd., Vuyyuru and the Delta Sugars Ltd., Hanuman Junction that are located in Krishna district, the Andhra Sugars Ltd., Tanuku and the Jeypore Sugars Ltd., Chagallu that are located in West Godavari district. Therefore, these units are selected for the presented study. As the main objective focus of the study is human resource management, it is geared to cover the aspects of the human resource planning, recruitment, selection and placement, dimensions of discipline and efficiency, the system of compensation and monetary emoluments, unionism, human resource development practices, etc. the study is of descriptive, analytical and diagnostic

nature. It combines the essential elements of social sciences inquiry to explain the culture of organizational management. In the sense the study is exploratory, evaluative and prescriptive. The scope of study extends to examining the policies and procedures relating to human resource action program in the organization, comprising of the following:

- Human resource planning and recruitment.
- Employment selection policies and procedures.
- Training and development of employees.
- Management development programmes.
- Evaluation techniques, wage and salary administration programmes.
- Employee benefits and service.
- Handling of employee problems and grievances
- Communication
- Labour relations

SIGNIFICANCE OF THE STUDY

In most of the analysis of the sugar industry, in its growth, profile and problems, available till date are either provided by the sugar industry itself or by the bureaucratic machinery of the state. Recently some independent studies have been undertaken. These studies have tried to make an in-depth analysis of some aspects of sugar. Mostly they are related to socio political changes, political factors underlying some problems of sugar and policy changes in this domain.

At the outset, the present study observes a paradoxical situation in perception of problems of sugar industry. For instance, majority of the sugar factories are claiming to be sick, yet there has constantly been a hue and cry for licenses for new units/additional capacity. Although the

sugar industry has been growing at a very fast rate and every year a new height in output (sugar) is reached, consumers are forced to pay a very high price and despite high prices realized from the sale of sugar, farmers are not getting their dues in time.

The official policy trends to appear revolving around the demands of the strongly organised sugar lobby or other pressure groups, namely, growers, traders, etc. Discussion on sugar has mostly been concentrated on white crystal sugar sector. No doubt, some serious researches have also been undertaken for cane development. But so far the problems of sugar have not been analysed holistically. At present, different aspects of sugar economy have been deal with by different ministries and departments under the government. For instance, ministry of agriculture looks after matters concerning sugarcane, White Crystal Sugar (WCS) is looked after by Ministry Of Food And Civil Supplies, sugar industry itself is governed by industries (Development and Regulation) Act 1951, which is under Ministry of Industries, molasses and alcohol are taken care of by the Department of Chemical and Petrochemicals, bagasse is a matter under the Department of Industrial Development. Such a state of affairs reflects confusion due to absence of cohesion and coordination in the official circles as to what should be done with different aspects of sugar. Not only that various matters concerning sugar are dealt with by the different ministries and departments, apparently there does not seem to be any coordination mechanism between different ministries. The type of policy outcome emerging from such an institutional arrangement will be nothing but inappropriate for the industry under consideration, namely, the sugar industry.

PERIOD OF STUDY

The study basically covers a period of 10 years in the post reform scenario, ending with 2009-10. Wherever possible, depending on the availability of data, analysis is presented for the last few decades. The decade after 2000-01 is selected keeping in view the economic reform scenario in the Indian economy and the spree of privatisation that touched every industry without exception of sugar industry.

HYPOTHESIS

- The sugar industry is the biggest organized industry in India. Though Central and State governments have been paying attention, HRM policies and practices have not been duly focused and fully developed in sugar industry.

- The emphasis of the sugar industry is technology and productivity rather than on HRM policies and practices that will help the effective of the industry.
- Most of the human resource employed in the industry comes from rural background and the literacy level is conceived to be less.
- Sugar industry is an agro and rural based seasonal industry and a majority of the workers are seasonally employed, and only a few of them are utilized by the industry during off-season.
- There are inter-industry and intra-industry wage and salary differentials particularly at the middle and higher management levels. This is more so in private sector.
- Most of the workers are drawn to the industry from the villages in the vicinity and they prefer to work in the industry irrespective of the unsound HRM practices.

In the light of these assumptions, a modest attempt is made to study the HRM policies and practices in sugar industry confining attention to the sugar industry under private sector.

DATA BASE

The study is based on both primary and secondary data. The primary data is collected through a structured questionnaire oriented towards the human resource aspects and canvassed among the employees selected on random sample basis in the units identified for the study. In sample selection, due care is taken to represent different categories of employees like executives and non-executives, seasonal and unseasonal, skilled, semi- skilled and unskilled. To focus and analysis the perceptions of the employers, a separate questionnaire is canvassed among them.

The secondary is extensively collected and analyzed for a meaningful interpretation and focus on the trends of growth and status of development of the sugar industry in general and the profile and position of the selected sugar units in particular. The sources of the secondary data include: Office Records, Annual Reports, Administrative Reports, and Personal Deposition by the Executives in the case of the Select Units. With respect to the Industry in General the Secondary Data Sources are Hand Book of Statistics Published by Indian Sugar Mills Association, New Delhi, etc.,

SAMPLE SELECTION AND METHODOLOGY

In the state of Andhra Pradesh, there are thirty five sugar factories of which twenty four are under private sector, eight under cooperative sector and the rest of the three under joint sector. Earlier, there are only eleven units under private sector as against eighteen units in the

cooperative sector. The economic reforms and privatization brought in a sea change in the scenario and the private sector consolidated its number by the year 2009-10. Earlier as the major share of sugar factories used to be in the co-operative sector, several research studies have been conducted in co-operative sector. As there is no exhaustive study in the area of sugar industry under private sector, the present study attempts to explore the possibilities of HRM policies and practices selecting four out of the twenty four sugar industrial units under private sector in the state. A sample of two industrial units has been selected each from the districts of Krishna and West Godavari which are predominantly agricultural.

For the convenience of presentation and ease of comprehension, the four identified categories of human resource in the industry are officers, supervisors, clerks and skilled/semi skilled/unskilled employees. In the selection of sample from among the four categories of human resource, a cross section of permanent as well as seasonal workers, and technical as well as non-technical workers are taken into the fold. Thus, no stone is left unturned to make the sample absolutely representative, stand as a rational cross section of the human resource existing in the sugar industry.

Before initiating the research pursuit separately to the Chief executives of the four industrial units are contacted by the researcher apprising them of the purpose of the study and requesting them to provide needed first hand information. The appeals by the researcher also sought the administrators' co-operation in conducted by the researcher himself. During subsequent visits held and repeated personal interactions, the researcher is able to collect relevant information. As far as possible, efforts are made to conduct the interview in privacy with

each employee/employer respondent. Research data are thus collected from two sources namely i). Office records maintained by the industry and ii). Employees and workers through canvassing the structured the interview schedule. Considerable time is lost in fieldwork in an effort to locate the seasonal employees who do not attend the industry during off-season.

SAMPLING DESIGN

The sugar industry is universally significant and present across the glow in different pockets of sugar cane comparatable soil fertility. In India also sugar industry is locate in different parts of the country Uttar Pradesh, Maharashtra, Tamilnadu, Andhra Pradesh. Andhra Pradesh assumes a place of prominence on the sugar industry map of the country. Therefore, the study is restricted to the state of Andhra Pradesh with special focus on the districts of Krishna and west Godavari which are known for their agrarian nature and location sugar manufacturing units. With is in the backdrop the study is confined to the said two districts where the long standing sugar manufacturing units exists. For a focus study two units from each district have been chosen. These include the KCP Sugars & IC Ltd., the Delta Sugars Ltd., from Krishna district and the Andhra Sugars Ltd., the Jeypore Sugars Ltd., from West Godavari district. The human resource practices have been analyzed in different dimensions in the select units stated with an analytical insight into and interpretation of the perceptions of different select categories of personnel at different cadres for the purpose of electing the human resource perceptions on HR practices a representative sample of 1227 number of employees across the cadres in the select units under study have been chosen the sample consists of twenty five percentage of employees from the KCP Sugars & IC Ltd., twenty five percentage of employees from the Delta Sugars Ltd., twenty five percentage of

employees from the Andhra Sugars Ltd., twenty five percentage of employees from the Jeypore Sugars Ltd. A structured questionnaire is canvassed among the employees selected on a random sample basis. Whereas the sample of employers consist of one hundred thirty one selected on the basis of convenience sampling.

DATA COLLECTION

The data is collected with the help of two schedules designed for the purpose of the study. One is management schedule covering various aspects from organizational background to policies, procedures and practices of human resource management. With the help of this management schedule the organizational data are collected through informal discussions with the officers, study of reports, records and files. The second schedule is designed to find out the employee background and their opinions on various aspects of human resource management practices in the organization. This schedule is administered among the sample executives, supervisors, clerks and operational staff.

The data collected for the study is analyzed for meaningful conclusions with the help of statistical tools. These include percentages, simple averages, annual growth rates and compound growth rates. A variety of research methods have been followed in the present study. Firstly, published and unpublished research materials and relevant documents such as annual administrative reports, office files, the relevant Acts and rules, and service manuals of the sugar industries under the study have been reviewed. This constitutes the source of secondary data. The primary data had been collected from respondents. Secondly, informal interviews are conducted with fifty managers of the four industries. Informal discussions are also held with the permanent

seasonal staff and workers. Thirdly, the method of observation is employed while administering the interview schedule.

The interview schedule which is common for all categories of employees and workers sought information on a wide range of items that include background information for identification like name of the organization, cadre of the respondent, year of joining the organization, sex and age. It is also designed to collect the data on the socio-economic background of the respondents. The interview schedule is designed to seek information on variables like region, mother-tongue, and place of birth, community, education, parental status and the economic status of the respondents as they have their impact on the perceptions of the respondents towards the organization. An attempt has also been made to identify occupational status of the respondents concerning the terms and nature of job, experience on the job, previous experience relating to the present job, source of the respondent's entry into the organization and method of entry into the organization.

Besides being attempting to identify employee perception towards organization, specific information is sought on matters relating to recruitment and selection, including job satisfaction, training and development and its usefulness to the respondents, wages, salary and incentives besides perception of employees towards welfare facilities. In totality, the schedule designed to elicit information on the perceptions of the respondents towards HRM policies and procedures from behavioral dimension. Regarding the structural dimensions, the method of informal discussions adopted to find out the structural deformities in the four industries. This dimension is added to the study because structural deficiencies are found by the researcher while examining the

organizational chart of the industries and the functional positions manned by the respondents.

For the purpose of this study, recruitment and selection, training and development, wage, incentives and welfare facilities have been taken into account as the major functional areas of human resource management. To measure the perception, rating, awareness, satisfaction, preference and attitude of the employees towards the factors of the HRM, questions based on likert type scales are used on the one hand and simple yes/no type questions are devised on the other hand. The schedule intended to seek information on all the items included under the head-employee's perception towards organization including the factors of HRM is based on the secondary data collected by the researcher.

As present study is related to the sugar industry which is agro-based and mostly functioning in rural and backward areas the sequence and language of the questions are modified to suit the employees and workers of all categories. A pre-test of the interview schedule was undertaken to validate the questions. They were also requested to comment on various items included in the interview schedule and their suitability and relevance to HRM in sugar industry. The schedule revised based on comments given by them and the observations of the researcher while interviewing them. The pre-test enabled the researcher to modify some items so as to make the questions more meaningful and comprehensive.

LIMITATIONS OF THE STUDY

Though the study is based on a well identified problem and well formulated research design, it is not without limitations. The main limitations are

(a) The percentages and averages are calculated and adjusted to the nearest decimal point.

(b) The study is confined to the sugar units in the private sector only.

(c) The study is confined to the Krishna and Godavari districts of Andhra Pradesh which may not be a true representative of the total sugar industry in the country.

(d) In the researcher's personal interaction with the executives and employees, they may not

come out with absolute truth because they are afraid of their employers and higher ups.

(e) The study is confined to the data based on the period during 2000-2010.

(f) Need for statistical data is imperative to apply statistical and econometric methods for any type of research. Statistical and econometric analysis is not possible in the absence of qualitative data. Therefore, an important step in research work is the collection of statistics relating to various aspects of the problems with reasonable accuracy. In the course of the present study, it is revealed that at present there does not exist a holistic or even integrated approach to sugar industry. Therefore, legitimately, there cannot be a single agency which could serve the purpose of data for the present study. Thus the investigator had to make search in various agencies for collecting data relating to various aspects of the problem.

The scope of HRM is vast. Therefore, the study is confined to the policies and practices in sugar industry connected with recruitment and selection, training and development, wage, salary, incentives and welfare facilities. The study takes into account the classification of the employees and workers as suggested by the third wage board constituted for sugar industry by the central government. The study does not cover the matters relating to contract labour, industrial relations and statutory welfare measures that are being provided by the sugar industry as per the statutory requirements, the study covered only those permanent employees and workers who have put in a minimum of five years experience. In case of seasonal employees, only those employees and workers who worked for a minimum of two seasons have been covered.

CHAPTER LAYOUT

The study is presented in seven chapters

The first chapter, **Introduction and Methodology**, includes in its frame of presentation the focus on conceptual focus of human resource management, changing dimensions of HR and sugar industry in brief besides, objectives of the study, need for the study, scope of the study, period of the study, methodology and sample setting the present chapter layout.

Chapter two is a **Review of Literature.**

Chapter three is a canvas to show **The Scenario of Sugar Industry in India**. This chapter also unleashes different dimensions of significance of the sugar industry.

Chapter four is a focus on the position and progress of **The sugar Industry in The State of Andhra Pradesh.**

Chapter five presents **The Profile of the select sugar units** for the focus study.

Chapter six gives an insight into **The Perceptions and Reflections of The Employees** under different categories and also select **Employers** on human resource management practices in the industry.

The seventh and last chapter presents **the summary of the Observations of The Study and Suggestions** for administrative and policy reorientation.